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# Self-interest and the modernity of *homo economicus*

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## Abstract

**Purpose** – Criticism directed at neoclassical economics has failed to replace it with a similar grand theory. The authors argue that one possible explanation may lie in the failure of economists to formulate an opinion as to the philosophical foundations of the author's object of study. The paper aims to discuss this issue.

**Design/methodology/approach** – The argument proceeds in two steps. First, the authors review the prevailing philosophical view of “the self-interest theory (S)”, which is one of the most powerful constituents of today's economics, and social theorizing in general. Second, the authors present a reasoning framework in which rationality becomes intelligible within a schema of integrating the self's external and internal conditionalities into a unified view of human reasoning.

**Findings** – Self-interest has been supposed to give the authors direction about what, concretely, to do, but, on the way, the authors have learned that defining rationality is necessarily a life-dependent process. The conflicts of reasons call for a revised S according to which rationality implies consistency among a person's competing behavioural drivers rooted in three ontological realms, natural, social, and cultural.

**Originality/value** – First, understanding the purpose of one's actions in rational terms demands redirecting attention from outcomes in terms of utility, profits, or welfare to a social profile of a rational person, with real life coordinates in space and time, as well as the personal histories of that individual. A change in explaining aspirations leads, and this is the second implication, to change in defining the meaning of economic (or social) behaviour. Decision making is not necessarily a process of virtuously selecting the best available options, but assessing and acting according to the opportunity of choice; it is not about freedom of choice, but about the degree of freedom a person is willing and is able to take advantage of.

**Keywords** Rational choice, Economic philosophy/theory, Self, Utilitarianism

**Paper type** Conceptual paper

I will live in the Past, the Present, and the Future.

The Spirits of all Three shall strive within me.

Ebenezer Scrooge's monologue in *A Christmas Carol* by Charles Dickens (1843/2009).

The need to reconstruct (or reorient) economics is almost unanimously acknowledged. The protests are visible in the launch of new journals and associations manifestly asking for a new thinking in economics, as well as in research showing incongruous even fatal argumentation associated with standard (neoclassical) economics. The supporting evidence has been accumulated to the extent that the anti-establishment critique has produced by now its own reference literature (e.g. Fullbrook, 2004; Reardon, 2009; Lee, 2011; Lawson, 2015), while the laureates of the Sveriges Riksbank Prize in economic sciences began debating the failures of the theoretical system to which they have been contributing in the first place (e.g. Hicks (cf. Klammer, 1989); Krugman, 2009; Stiglitz, 2010; Romer, 2015).

This paper is premised on the observation that one possible resolve lies in the economists' return to the philosophical roots of the science of economics. To illustrate this conjecture, this paper discusses “the self-interest theory” (S), a dominant constituent of social science eagerly embraced by neoclassical economists, first among other social scientists (Sen, 2009, p. 32). We question the realism of the assumption of adopting self-interest as the organizing principle of economic activity in light of the criticism the discipline of economics itself has engendered, but especially from the viewpoint of current philosophical interpretations of rationality.

**JEL Classification** — A12, B50, C70



Several questions call for our attention: is S the prevailing rationale behind economic (and social) behaviour? If self-interest is but a limiting assumption about human nature, what do the other presuppositions about rationality consist of? Finally, how reason interacts with other facets of the self also including moral responsibility, commitment, solidarity, or faith?

As is suggested in the following, some of these interrogations have been conclusively settled in the literature, whereas others have yet to wait for a unitary approach. Section 1 puts into context the criticism directed at the standard personification of *homo economicus*. Section 2 proposes a framework integrating the self's external and internal conditionalities, identity (social belonging) and integrity (personal commitments), respectively, into a unified view of human reasoning. Section 3 summarizes and concludes with the implications for the future direction of reorienting economics and social thought in general in the light of current philosophical arguments about S.

### 1. The rational world of *homo economicus*

Although several versions of S compete for scholars' attention (compare Parfit, 1984/1987, p. 4, Graafland, 2009; Sinnott-Armstrong, 2012), standard (neoclassical) economic analysis is typically associated with one variant of S, the hedonistic theory or utilitarianism (U). Mill (1864), self-referentially "believing himself to be the first person who brought the word utilitarian into use" (p. 9), gave rise to one philosophical argument that was to become the foundation stone of modern economic theory. In Mill's formulation, U stands for "a test of right and wrong", according to which "actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness" (Mill, 1864, p. 10).

Placing the self's pursuit of happiness at the centre of economic or other social decisions (e.g. legal or political) rationalizes social reality by way of a utilitarian approach describing a common denominator of human aspirations, a rational norm, and a moral imperative of behaviour. It is this amniotic environment that has nurtured *homo economicus* as the key character of the textbook economic life. Let us succinctly introduce these defining characteristics.

The self's aspirations have taken on various guises, from attaining pleasure to preference ranking in the marketplace, but utility, a scalable unit reducible to calculable costs and benefits (economic, social, or otherwise) of one's actions, became the linchpin amidst all these searches. Especially, it served as a quantitative version of a rational criterion against which people's objectives may be explained and rated as to their level of fulfilment. As has been commonly understood (compare Fullbrook, 2004; Hodgson, 2012), "rational" is evoked here in the sense of revealing no behavioural inconsistencies in choosing a course of action alternative yielding the highest utility. Accordingly, formal properties of decision making – completeness, transitivity, and context independence – have been added to the bare concept of self-interest to make one's behaviour a recognizable pattern whatever the circumstances of her/his actions.

From Bentham's felicific calculus to modern decision theory, refinements of utility analysis have preserved the whole philosophical argument underlying S gradually attaining, though, formally complex solutions. The increased formalization, both appealing (by its apparent capacity to reduce social complexity to comprehensible transactions) and accurate (according to the mathematical logic behind utility analysis developed in the footsteps of Walras, Edgeworth, and Pareto), has strengthened the interdependence between the rational and moral content of S. A course of action from which on one additional act incurs costs greater than benefits (and the gains from trade end) would be foolish, but also wrong to pursue. Virtuous, commendable behaviour, should embrace alternatives yielding the highest utility as they represent the social circumstances of greatest benefits. S in the guise of moral guidance remains true to Mill's (1864) defence of the human pursuit of "the greatest happiness" as "the fundamental principle of morality" (p. 16). In other words, morality and self-interest never conflict.

### 1.1 *The limits of self-interest*

Attempting to validate the three characteristics of *homo economicus*, the obvious question to start with is to ask if individuals' pursuit of self-interest would explain both truthfully and completely the context of human behaviour. There seems to be no objection to the claim that S stands for a true (and necessary) interpretation of behaviour. Biological factors like survivability instincts or nurtured behavioural characteristics like greed or stinginess ordinarily compel human species to consider selfishness. As Williams (1995) remarked, "we achieve a lot by relying on egoistic micro-motivations, and it is a remarkable achievement of the modern world to have brought this about" (p. 120). It is in regard to its capacity to consume the query for the human beings' fundamental desires that S opens itself to criticism; in other words, is S the prevailing rationale behind (economic) behaviour?

To its credit, the neoclassical analysis has been able both to produce its own criticism to the claim of utility maximizing behaviour, and to embrace findings from natural sciences that shattered the self-gratifying images about preferences guided by utilitarian assumptions.

The internal criticism began rather benignly with Milton Friedman's (1953) methodological position known as antirealist instrumentalism, which "has become established as the semi-official practitioners' philosophy of conventional economics" (Mäki, 2012). For Friedman, the realism of assumptions does not matter in validating our findings as long as people behave as if they are acting according to the prescribed conditions; and indeed they are, the argument runs, and thus make possible the prediction exercise – the ultimate objective of postulating the nature of economics as science. As Etzioni (2010) remarks, it would not matter even if a minority of people were the only one living in proper form in this imagined universe populated by *homines economici*; according to the conventional thinking (compare McFadden, 2006), they are the fittest, best exemplars worth constituting the object of study precisely because of their compliance with our assumptions.

The "as if" thinking proves a step further nevertheless from a minimalist portrayal of rationality as "it demands the abandonment of the reductionist project and allows for the possibility of a separate and irreducible study of the social" (Calnitsky and Dupuy-Spencer, 2013). Subsequent research brought forth indeed ample evidence about economic conduct fraught with violations of one or more of the axioms of rationality that are common in the ordinary environment of choice. Decision making in contexts of "asymmetric information" and "market imperfections", for example, shows people, whether defined "rational" or "irrational", choosing among alternatives that lead to sub-optimal market outcomes; according to their subjective perceptions of expected utilities, they behave as if they eliminate knowingly self-defeating behaviour from their options. Friedman's position does not add anything more tangible about or beyond self-interest: all that counts consists of our initial admission that self-interest is or should be at the heart of our behavioural representations.

The philosophical justification of the non-realism of assumptions leads, according to Johnson (2015), to non-naturalistic theories, which expound values and principles of behaviour "that supposedly transcends the natural world" (p. 15). The inevitably sizeable void between theory and reality has been amended more forcefully only by the economics profession's massive turn from imports to natural sciences beginning with the 1980s. Recent economic methodology (see Durlauf and Blume, 2010; Davis and Hands, 2011) demotes the domineering role of self-interest once and for all by means of operationalizing such techniques as brain scans, field research, thought or laboratory experiments, borrowed from a large spectrum of (natural) sciences. The naturalistic turn has been so radical that it is perhaps little surprising to find (see Kim *et al.*, 2006) that psychology, through the study of behavioural and experimental economics that more or less subsumes adjacent niche directions like evolutionary biology, complexity, game theory, or neuroscience, has contributed to the most frequently cited papers in economics (between 1970 and 2006) by a comfortable margin.

Amidst streams of refutations coming out from all this new behavioural economics, one generalizable finding in particular stands out: the cognitive processes of real people show behavioural patterns being dependent on both neurological processes and socio-cultural interactions (McNeill, 2007; Kirman and Teschl, 2010; Bloom, 2011; Johnson, 2015), when the specifics of the situation tilt the balance in favour of a wider range of available behavioural drivers than selfish pursuits alone would suggest. How to interpret, in a coherent theory of rationality, research results demonstrating, for example, that people alternate intuitive and rational thinking according to some physiological condition such as the urge to urinate (Tuk *et al.*, 2011; Lewis *et al.*, 2011) or the blood-sugar concentration (Masicampo and Baumeister, 2008)?

One implication stemming from this critical path consists in the economists' newly found appetite for "thick" concepts, of high contextual detail, at the expense of general and abstract, "thin" concepts that were once pervasive in their analysis, an analytical skill that is both appropriate and necessary in the context of understanding the logic of social interactions (Schelling, 1960, p. 162, Williams, 2005, p. 47). Although utility maximization continues to be part of the market mindset in the neoclassical tradition (Sugden, 1991; Hodgson, 2012), conceptual "thickness" makes behavioural determinants like trust, threats, promises, commitments, or reputational pledges, for long honoured by sociology and other social studies but largely ignored in economics (compare Boudon, 1992; Hollis, 1994/2001, pp. 213, 230), found their way in facilitating in-depth introspection of economic behaviour. *Homo economicus*, secluded for long from these queries, finds himself/herself now immersed in a frightening or at least less predictable world where "an uncensored account of frankly rapacious economic behaviour" (Bacharach, 1976, p. 119) is now at play among the alternatives: threats or promises may coerce decisions that then cease to be "voluntary", while the self-defeating pursuit of interest in the marketplace may be as possible (and rational) a predicted outcome as the celebrated "spontaneous" market order.

A second implication brings aggregation, one ill-treated assumption of neoclassical behaviour (Fullbrook, 2004), back into the picture. The naturalistic world of economics, that is one involving "biological, interpersonal (social), and cultural dimensions" (Johnson, 2015, p. 15), advises against the possibility of eventually arriving at a generalized pattern of behaviour. Cross-cultural normative diversity found in close-ups of real communities' behavioural attitudes suggests, according to (Machery *et al.*, 2005), a decisive reorientation towards a moderate moral anti-realism that forces us to accept that for "at least *some* moral issues, there is no fact of the matter about what is right and what is wrong". Leaving behind determinism and reductionism, *homo economicus* has been thus resuscitated and gained increased respectability thanks to an enlarged set of personality traits more helpful now than selfishness alone in discriminating among decisions optimizing between individual welfare and the common good. In the process, she/he has even got new names: *sociologicus* (Anderson, 2000; McNeill, 2007), to emphasize "cultural" or "social" rationality; *creativus* or *sapiens economicus*, to underline the application of cultural knowledge in the process of economic operations (Dopfer, 2011).

### 1.2 Self-interest and the self

Empirical evidence thus forces us to strive for descriptions of behavioural assumptions within which self-interest is but a part of the underlying premises of the theory of rationality. To be sure, the original Milleian discourse has recognized the need to complement S. In a marked departure from the hedonistic version of S, Mill (1864) considered "worldly circumstances" (p. 22), possibly including imprudence, ill-regulated desires, or imperfect social institutions, which may eventually make us accept that after all, "it is better to be a human being dissatisfied than a pig satisfied" (p. 14).

Mill touched on what Sidgwick would call "the profoundest problem in ethics" (Parfit, 2011, Vol. 1, p. 142), a logically impossible situation to discern whether and on what basis some

reason may or may not outweigh some other reason. We will turn in the next section to Sidgwick's dilemma from the narrow perspective of explaining rationality and the self in economic or other social contexts. The argument so far, however, only posits S as one among others equally strong candidates to explain (on rational norms) and defend (on moral grounds) human actions. What are the premises of this revised approach to rationality?

Any step further towards a multi-dimensional self, e.g. cooperation, reveals correspondingly sequential layers of social interaction, a situation which necessary involves at least one party "knowingly" depending on the other (Williams, 1995, pp. 115-116), primarily a cultural, as opposed to the natural condition of human beings. The distinction is crucial in understanding how egoistic motivations are engaged to work with other behavioural drivers within a unitary theory of rationality. In game-theoretical contexts, for example, strategic intent, within which the goals of the self-interested individuals may or may not be maximized, a conclusion which Sen (1997) calls "optimization without maximization", looms indeed predominantly behind human decisions. However, the decision to accept or shun rewards from cooperation – a celebrated expression of human behaviour – may hinge just as on the egoistic self, an expression of innate or acquired behavioural traits, such as genetic relatedness, herd instinct, selfishness, or altruism, as on the cultural self, as revealed by one's personal histories and sense of social belonging. It is the functionality of this ingrained culturality along two dimensions of the self, personal and social, which seems to remain outside the scope of economics altogether.

At personal level, non-egoistic concerns subdue reasoning as plausibly as psychological stimuli constraints selfishness. Modes of experience outside science (Lévi-Strauss, 1962; Gadamer, 1975/2004, pp. 215-217), cultural development and learning (Selten, 1990), spirituality and emotional commitments (Tisdell, 2006), eventuate in a hardly replicable combination of motives at individual level. In game-theoretical parlance, a habit of cooperation (read: behavioural consistency) may persist until a defection (read: behavioural inconsistency) becomes an acceptable decision for no apparent reason. Behaviour may appear idiosyncratic to a market observer, except for the eye of a neuroscientist who alone can detect an explanatory signal, albeit at molecular level. Apparently conflicting behavioural drivers create a class of their own as symptoms of the separation of the self in quasi-autonomous selves – "value centres" (Schelling, 1983), "Interacting Subagents" (Kavka, 1991), or "component subagents" (Ellis, 2006) – as they interact with each other in varying personal histories.

At social level, personal and collective histories engage the self in relation to the individual's outward conditions, in relation to some collectively acknowledged duties or habits, explicit or implicit standards of behaviour. Before experimental economics made behavioural inconsistencies a celebrated finding, Mill had realized that the "right" thing to do would not result inevitably from self-interested pursuits alone. Morality invites to a complex assessment of benefits at both individual and social level: "Justice is a name for certain moral requirements, which, regarded collectively, stand higher in the scale of social utility [...] Thus, to save a life, it may not only be allowable, but a duty, to steal, or take by force, the necessary food or medicine, or to kidnap, and compel to officiate, the only qualified medical practitioner. What is just in ordinary cases is [...] not just in the particular case" (Mill, 1864, p. 95).

How are we supposed to decide whether, say, "stealing", or "kidnapping" is legitimate, or which distant benefits are worthy of present compensation? And, who are "we", the people supposedly holding the key to distinguish between right and wrong? These are questions, which the philosophical perspective of the egoistic self, naturalistic or not, does not attempt to confront, as is as much unsuccessful in dissecting the inner self, failures theorists in this tradition themselves admit: "fundamental developments in other disciplines, such as moral philosophy, are called for if determinate answers are to be found" (Bacharach, 1976, p. 6).

The overview of the rational world of *homo economicus* leaves us with two workable premises towards a proper account of rationality. First, a decision – the most tangible

description of the end-product of rational thinking – is expected to emerge from an elaborate, individually unique process of interaction between egoistic and non-egoistic motivations. Integrating them into a coherent view of the self consists of coming up with an articulate way to settle on competing rather than prevailing rationales. Second, this process of integration should be put in context: a singular path of self-development in particular social circumstances, albeit on biological conditioning bequeathed by the entire human species. To sum up in the words of D'Agostino (2006), rationality “consists in something more social, more historical, and more embodied than we had previously thought”, a challenge we will try next to illuminate.

## 2. *Homo economicus*' coming of age

If we accept that the egoistic motivations only imperfectly address the philosophical interrogation about the self in the presence of conflicts of reasons, then, in order to advance, we have to find a straightforward approach to the latter, eventually being unable to escape the Sidgwick's dilemma. Let us start with a familiar representation: when flying a depressurized airplane, as in a village plagued by drought, it is advisable that the grown-ups help themselves first and only then the kids and the ailing because we know the former are the only ones able to organize the subsequent rescue operations properly. If we had no information about a person's ability to function under these particular circumstances according to his/her personal capabilities, education and maturity for that matter, we would have been denied any conflict of reasons: the pursuit of self-interest would seem like a right and just approach. However, provided the knowledge we possess in relation to the specifics of the case, egoism may or may not conflict with humanitarian reason, depending on the group we belong to: of adult rescuers, supposedly responsible people whose interest is to save as many lives as possible, including theirs; or of youngsters, whose immediate interest is to save themselves first.

To arrive at a rational verdict in the above case is apparently not problematic, but expecting higher degrees of difficulty in discriminating between reasons is a more plausible occurrence. A probe of the various facets of the rationalization process may be imagined as an expanded range of competing reasons, for example, between:

- (1) the utilitarian view of self-interest and some other variants of S implying a complex task of valuation of personal benefits: in pursuing my purposes to improve my situation, I can wear myself out to such extent that no future satisfaction is possible; my disposition is so inclined that all risks involved are reasonable and so acceptable;
- (2) self-interest and some defined responsibility: should we protect our possession (of assets, values, or opinions) or yours when the latter would to the best of our knowledge bring more benefits to society? and
- (3) reason and morality: should we stop working for an employer who supports detestable causes?

In the ordinary course of life, we struggle to make sense of myriad of nuances of each of the above illustrations, for example, to consider “genocide”, but not “child enslavement” as a detestable cause, or ponder over “working for” or just “cooperating with” the malign employer. It is as much wonder (and intrigue) as in a familiar Dickensian setting to ask whose reason prevails when, for example, a miser confronts a pauper about a child's fate. At theoretical level, we so multiply the potentialities of social interaction thereby eventually construing the social world we live in.

Instead of circumventing S altogether or adopting it in a reductionist way, the resolve about conflicts of reasons calls for a revised S according to which different conceptions of the right and the good may be reasonably accepted in our decision-making routine.

The change of emphasis is significant: it lays the foundation of an interpretative model of social facts that premises social ontology on a thought framework that relativizes rationality; some reason may or may not outweigh some other reason. The challenge is to discern on what ground that may happen, “on what, in certain actual or imagined situations, we or others would have most reason or sufficient reason to consent to, or agree to, or to want, or choose, or do” (Parfit, 2011, Vol. 1, p. 149).

We have suggested that a coherent account of the internal and external conditionalities of the self's upbringing may eventuate into a possible explanation to construe a referential thought framework of rational behaviour. This is a solution philosophers have for long tackled under the tentative rubric of the logic of behaviour (Williams, 1973; Kavka, 1991; Ellis, 2006), a schema of integrating a person's two defining characteristics as cultural self, alongside the egoistic one – inner reflection of the self (integrity) and outer reflection of the self (identity) – into a unified view of human reasoning. Conceptual variations of the personal conflict leading to rational adjudication may persist (see Nagel, 1979, 1986/2008, pp. 375-389; Burkitt, 1991/2000, p. 16; Shoemaker, 2007), all the more so suggesting that a concomitant description of a person's unity between (inner) integrity and (social) identity represents a two-pronged premise that makes the theory of rationality work. Let us see how the case can be made.

### 2.1 *The premise of inner integrity*

Emerging from personal histories, after all “interest is a *historical arbitrary*” argues Bourdieu (cited in Swedberg, 2003, p. 48), the inner self becomes manifest through a cultural interface: I may be naturally inclined to, say, compromise, but it is a specific circumstance I find myself in that makes me assume this or that responsibility, towards me and towards the others.

Next to natural inclinations, cultural options, such as individual commitments like religious faith or formal education, as well as consideration of communitarian values, count among the divisive symbols of human beings' rational universes; they determine in concert the way a person lays down a plan for his life and allocates his resources to the plan, and the way the plan is adjusted to the belonging community's tacit and explicit expectations. It is this inner environment of rationalizing – symbolic, real, and natural – which plays the decisive role in the process of valuation in a particular context feeding it with predispositions, norms, precedents, planning horizons, etc., all necessary ingredients to judge the logic of the situation.

In this manifestation of the self, reason emerges both prospectively and retrospectively from a historical and cultural experience of what authors like Schall (2010) and LeBoeuf *et al.* (2010) call a rational process of discriminating between layers of identities that happen to be relevant at the particular time of decision (or expressing one's opinion, ignoring some alternatives, etc.).

### 2.2 *The premise of situatedness (social identity)*

Perhaps difficult to discern, but perfectly intelligible, rationality emerges from aspirations applicable to identifiable and not abstract realities. Davis (2012) thinks useful to distinguish between the ontological concept of the self and the epistemological one to shed light on “real existants” rather than “things ought to exist” like *homo economicus*. The immersion in the surrounding reality of the self, however, places the social ontology on novel coordinates, both in space, and time, that “cut vigorously across national boundaries and do not operate through national politics” (Sen, 1999).

The ultimate decision becomes logical within a process of deconstructing universalism and impersonal reason into tangible, situated, constructive views of the societal order, a perspective that would adequately describe our modernity. This new “sociality” (McNeill, 2007) may be entirely unrecognizable to the current traditions of economic methodology, which, as Davis (2012) remarks, continue to consider collections of individuals such as “families, firms, and



governments [...] often treated as “black boxes” so as to be more simply represented as single individuals”. Sen’s assertion from above, in fact, reminds us that self as “real existant” does not belong to social constructs, but to social realities like workplace, neighbourhood, religion, ideology, or class. These personal connections to the outer world, as varied and profound as a person may embrace in his/her lifetime, orient reason afar from a futile choice between universal moral law and radical subjectivism and towards moral deliberation that implies “a process of interwoven imagination, emotion, and reasoning” (Johnson, 2015, p. 27).

To sum up, what exactly is then a modern (rational) person? That person is not a universal character, just as is she not a singular one. One’s moral and rational limits address human aspirations within a rational space, be it “communities of meaning, value, and practice” (Johnson, 2015, p. 4) or a “complex historical deposit” (Williams, 2005, p. 75), where we are able to recognize common concerns, frustrations, or, when addressing social issues in particular, thought frameworks about economic institutions (e.g. market mechanisms), social values (e.g. equity), or political goals (e.g. democracy).

A modern rational person is described by a narrative conception of the self as opposed to the voluntarist conception of unencumbered, egoistic selves, subdued by monetized payoffs. Attempting to illuminate this idea, Sandel (2009) articulates a Dickensian view of the righteous self that parallels, unintentionally, Ebenezer Scrooge’s final wish: “To live a life is to enact a narrative quest that aspires to a certain unity or coherence. When confronted with competing paths, I try to figure out which path will best make sense of my life as a whole, and of the things I care about. Moral deliberation is more about interpreting my life story than exerting my will” (pp. 221-222).

### 3. Concluding remarks and implications

The demands of modernity claim for a revision of the theory of reason, especially because, Williams (1985/2011) argues, of its “unreflectively appealing to administrative ideas of rationality [...] governed by a dream of a community of reason that is too far removed [...] from social and historical reality and from any concrete sense of a particular ethical life” (p. 220). It is in this spirit that we have opened this discussion suggesting that a revision of the philosophical argument behind the self-interest theory would assist the current queries for reforming economics towards a satisfactory resolution. Self-interest has been supposed to give us direction about what, concretely, to do, but, on the way, we have learned that defining rationality is necessarily a life-dependent process. Biological mechanisms, varying social contexts, and personal experiences shape behaviour and rational decisions in a way that prevent any attempt of arriving at a universal principle of rationality. This space of reason is what Habermas (1984) calls “the objective, social, or subjective worlds” of people aiming at reaching understanding (pp. 98-99), while Searle (2010) refers to as “different ontological realms [...] a mental, a physical, and a social” (p. ix).

The expansion of economics into non-naturalistic fields of research, mostly supported by advanced exploration of behavioural assumptions, helps explain the complexity of thinking about rationality in ways in which agents may or may not accept individually non-optimal results. The results have been important to validate a long presumed yet philosophically vague supposition that processes of deliberation resulting from alternating preferences of the self cannot satisfactorily be captured in one solution concept. We have been able to come closer towards envisioning a modern representation of the rational economic person beyond the egoistic self that implies, we argue, consistency among a person’s multi-dimensional selves also construed along its cultural dimension.

There are at least two implications of our argument, in terms of future assumptions about social ontology, which we illustrate with a synoptic view in Table I.

First, understanding the purpose of one’s actions in rational terms demands redirecting attention from comparable variables describing personal decision making and its outcomes

**Table I.**  
Old and modern  
assumptions about  
rational economic  
behaviour

	<i>Homo economicus</i>	A modern rational person	Differentia specifica
Implication one: purpose	Individuals maximize behaviour. They seek the highest rewarded completion of their decision	Individuals valorize economic needs against personal commitments, as well as a community sense of agreement	Individuals interpret the reality as bearers of a social profile, defined by commitments within one's becoming, self-interest included, and within one's social belonging
Implication two: mode of behaviour	Behaviour in the marketplace consists of free choice (of the choosing self). Competition is a virtue and rewards the fittest	Freedom in the marketplace is defined by constraints, as needs and alternatives, resulting from situatedness. Competition is a social outcome, and success and failure are contingent	There are not generalizable, virtuous options, say cooperation, as such; they are mediated by cultural development. Initiatives to improve economic conditions imply an accord about people's aspirations within a "historical deposit"

**Source:** Author's work

in terms of utility, profits, or welfare to comparable patterns of behaviour across societal formations endowed with cultural and historical foundations. Placing the self in the context of social development puts an emphasis on searching for a social profile of a rational person, with real life coordinates in space and time, as well as in his/her personal histories. It is this subject matter to which we turn to debate about moral values, personal decisions, and, indeed, biological drivers.

At first sight, it seems hardly conceivable to translate economic decisions, regarding, for example, profit maximization or investment yields, into a new code that neglects the dominant role of self-interest. Two reasons may explain for this apparent conundrum. On the one hand, we can argue that economic methodology generally is developed to address issues raised by the initial concerns of philosophers about a specific field of science. As S has been prominent in explaining economic and social behaviour, it is little wonder then that actions (and variables) embedding maximization rewards in the marketplace hold centre stage in the economics object of study. Praising individual actions and values is still a strong component of our culture, in the western civilization at least. McNeill (2007) finds it hard to convince social scientists to get away from "an autonomous person" to "an other-oriented person", from "individual entities" to "relations [...] norms and networks".

On the other hand, mainstream economics has been slow at incorporating more realistic descriptions of the self, especially those associated with its cultural motivations. The gradual encroachment of S with ever more sophisticated formalism has made, in fact, approaching new analytical openings value less and less. In contrast, disciplines outside social sciences like game theory, neurology, or complexity science have deciphered the egoistic self in entirely different behavioural codes and appeal to an increasing number of research projects resuscitating economics.

Eventually, we argue, the predominantly competitive approach to behavioural expectations should morph into expressions appropriately accounting for the self's more complex underpinnings. This would require a change in explaining people's aspirations, and, this is our second implication, a change in defining the meaning of economic (or social) behaviour. As self-interest is subdued by reason of cultural affinities or, conversely, amplified by adverse circumstances, personal or social, the search for monetary payoffs, or subjective preferences about outcomes is resetting again itself each time from the beginning. Decision making is not necessarily a process of virtuously selecting alternatives leading to the best available options (i.e. maximized profits, highest returns), but assessing and acting according to the given, actual, and imminent opportunity of choice; it is not about freedom of choice, but about the degree of freedom a person is willing and is able to take advantage of.

The difficulties associated with defining rational behaviour cannot be plausibly eliminated unless economics develops its assumptions in concert with other social sciences, in an interdisciplinary effort able to account for a diverse range of behavioural influences. We should expect several analytical techniques at work to decode the motivation behind human action, not excluding analytical tools common to today's research, but reorienting them to new tasks: a multistage investigative approach to discover the self, from an imaginary economic actor to a real social profile.

In this paper, we have aimed at opening vistas of reflection on rationality that would suit better the demands of modernity. The boundaries of the self may remain difficult to outline in one finite concept after all, but at least, as has been suggested, we are a step closer to mend one of the old problems in the social sciences (cf. Burkitt, 1991/2000; Searle, 2010) – reconciling the division between society and the individual.

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